

**REPORT ON THE  
COMPREHENSIVE AUDIT**

**COUNTY OF SANTA BARBARA PUBLIC  
HEALTH DEPARTMENT  
SANTA BARBARA, CALIFORNIA**

**OFFICE OF AIDS  
CONTRACT NO. 03-75929  
FISCAL PERIOD:  
APRIL 1, 2006 THROUGH MARCH 31, 2007**

**Audits Section - Gardena  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Cheryl Phillips  
Audit Supervisor: Cheryl Phillips  
Auditor: Kristine Lim**



SANDRA SHEWRY  
Director

State of California—Health and Human Services Agency  
Department of Health Care Services



ARNOLD SCHWARZENEGGER  
Governor

May 6, 2008

Non-Direct Service Contract (for Counties, Universities and Cities)

Daniel Reid  
Program Administrator  
Contractor Name: County of Santa Barbara Public Health Department  
Contractor Address: 345 Camino Del Remedio, Building 4, Room 321  
Santa Barbara, CA 93110

Daniel Reid

The claims for expenditures for services provided by County of Santa Barbara Public Health Department, under the HIV Care Program, Contract No.03-75929, for the fiscal period of April 1, 2006 through March 31, 2007 have been reviewed by the Financial Audits Branch of the Department of Care Health Services. In addition, a review was made of the program's management and operational procedures.

Except as set forth in the following paragraph, our review was made in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States. Accordingly, our review included such tests of the accounting records and other review procedures as we considered necessary under the circumstances.

The financial statements of County of Santa Barbara for the years ended June 30, 2006 and June 30, 2007 were examined by other auditors whose reports dated August 10, 2006 and August 24, 2007, respectively, expressed unqualified opinions on those statements.

The scope of our review was limited to specific contract or program requirements relating to financial compliance and did not include sufficient work to determine whether the financial statements present fairly the financial position and the results of the financial operations. We have not duplicated the work performed by the other auditors.

As noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position referred above. Consequently, a copy of the above referenced financial statements is included in this report.

The program review was conducted during the months of November through December, 2007. The exit conference was held on March 3, 2008 at which time the results of the engagement were discussed.

This Audit Report includes the:

1. Executive Summary of Findings
2. Introduction
3. Scope of Review
4. Contract Compliance
5. Fiscal Findings
6. System and Procedures
7. Schedules
8. Summary of Audited Contract Expenditures
9. Contractor response to findings

The report concludes that \$438 is due the State. You will be receiving an invoice in that amount from the Department's Accounting Section.

Please develop and submit a corrective action plan within ninety (90) days of receipt this letter to:

Care Services Program  
California Department of Public Health  
MS 7700  
PO Box 997426  
Sacramento, CA 95899-7426

and a copy of this plan to:

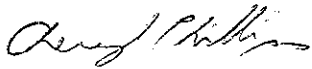
Cheryl Phillips, Chief  
Audits Section – Gardena  
Department of Health Care Services  
19300 South Hamilton Avenue, Suite 280  
Gardena, CA 90248

If you disagree with the amount due, you may appeal by writing to the Chief, Administrative Appeals, Office of Legal Services, Department of Health Care Services, 1029 J Street, Suite 200, Sacramento, California 95814. This written notice of disagreement must be received by the Department within sixty (60) calendar days from the day you receive this letter. A copy of this notice should be sent to the Assistant

Daniel Reid  
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Chief Counsel, Appeals and Suspension Section, Office of Legal Services, Department of Health Care Services, MS 0010, P.O. Box 997413, Sacramento, California 95899-7413 The procedures that govern this hearing are contained in Welfare and Institutions Code, Section 14171, and Title 22 California Code of Regulations, Section 51016, et seq Excerpts of the statute and regulations are included for you information.

If you should have any further questions, please contact Estella Kile, Program Advisor, at (916)-449-5946



Cheryl Phillips, Chief  
Audits Section – Gardena  
Financial Audits Branch

cc: Micheal Roland, Chief  
Office of AIDS  
California Department of Public Health  
MS 7700  
PO Box 997426  
Sacramento, CA 95899-7426

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COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

I EXECUTIVE SUMMARY OF FINDINGS

The following information is a summary of our findings:

The Financial Audit Branch's review was limited to the Care Services Program. The following information is a summary of our findings for the fiscal period of April 1, 2006 through March 31, 2007. The details of these findings are included in Sections IV through VI of this report.

Contract Compliance

- 1 The contractor did not file the year-end progress report on time.
2. As noted in the Program Goals and Objectives, the subcontractors Pacific Pride Foundation, AIDS Housing Santa Barbara and Council on Alcoholism and Drug Abuse provided residential care services, ran a food pantry, provided housing assistance services, and provided acupuncture services.

Fiscal Findings

1. The subcontractor expenses claimed on the invoices were properly supported and within the contract budget.
2. The contractor claimed \$437.50 in error. An adjustment was made to recover this amount.

Systems and Procedures

1. The personnel expense claimed on the invoices was properly supported.

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

II. INTRODUCTION

A. DESCRIPTION OF PROGRAM

The HIV CARE Program is responsible for assuring the provisions of humane, cost-effective, and appropriate health and social service resources for persons with HIV along the entire continuum of care. The Office of AIDS, with state and federal funding, administers several statewide programs that provide care and treatment, and support services to people with HIV. These services span the entire disease spectrum from initial HIV detection through hospice care and death.

B. DESCRIPTION OF AGENCY

The HIV CARE Program is operated and maintained by the County of Santa Barbara Public Health Department. The County of Santa Barbara Public Health Department performed the role of fiscal agent. As the fiscal agent, the County of Santa Barbara Public Health Department entered into subcontracting agreements with Pacific Pride Foundation, AIDS Housing Santa Barbara, and Council on Alcohol and Drug Abuse (CADA) to provide various health services to residents of Santa Barbara County.

C. SITE LOCATION

AIDS Housing Santa Barbara provided residential care services at Sarah House, a license residential care facility located at 2612 Modoc Road in Santa Barbara. Pacific Pride Foundation ran a food pantry, provided housing assistance and case management services. The Council on Alcohol and Drug Abuse provided acupuncture services in the city of Santa Barbara.

D. FUNDING SOURCE

A majority of County of Santa Barbara Public Health Department revenue and support is received from state and federal grants on a cost reimbursement basis.

E. CONTRACT GOALS AND OBJECTIVES

The goal of the contract is to use these funds for planning, development, and delivery of comprehensive outpatient health and support services to meet the identified needs of individuals and families with HIV disease within the geographic area.

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
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III SCOPE OF REVIEW

The Financial Audit Branch's review was limited to the HIV CARE Program and consisted of the following:

1. A review of the financial records to ensure the existence of the proper documentation and the propriety of claims submitted to the State for reimbursement.
2. A review of the operations to determine if the contractor complied with applicable statutes, regulations, and terms and conditions of the state contract.



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IV. CONTRACT COMPLIANCE

The examination included a review to determine if the County of Santa Barbara Public Health Department conducted the program in compliance with HIV CARE SERVICES Program terms and applicable regulatory requirements. The following is a summary of findings relating to this portion of the audit.

Finding No. 1

A review of the contractor's progress report determined that the contractor did not file the year-end progress report on timely basis. It was due on June 15, 2007, but it was filed on June 22, 2007.

Finding No. 2

We reviewed contractor's goal 1. Goal 1 required the provider to enhance the quality of care by providing culturally competent and respectful services at all levels of care, including in regard to ethnicity, gender, sexuality, age, primary language, mental health condition, substance use, housing status, and incarceration history. To complete this goal, the contractor entered into a subcontract agreement with Pacific Pride Foundation (PPF). Specifically, PPF provided in-service training and workshops to enhance the capacity of case management staff and program supervision to work in the field of HIV/AIDS care and treatment.

A sample size of three was reviewed to determine if PPF did provide training for direct service and support staff. We verified that the trainings were provided.

The contractor also entered into a subcontractor agreement with Council on Alcoholism and Drug Abuse (CADA) to provide acupuncture services to AIDS clients. The auditor was able to verify that CADA provided acupuncture services to 20 clients.

Finding No. 3

We reviewed contractor's goal 2. Goal 2 required that the provider expand integration of HIV prevention services to help halt the spread of HIV. To complete this goal, the contractor entered into a subcontractor agreement with PPF. During the tour of this subcontractor, the auditor verified that case management, HIV Prevention and Education and Mental Health Counseling services were provided. PPF also operated a food pantry. We verified that 1,108 clients were served. PPF also provided emergency housing to Santa Barbara residents.

Finding No. 4

We reviewed contractor's goal 3. Goal 3 required the provider to ensure comprehensive systems for bringing people with HIV into care, including systems to link them to care at the time of HIV testing

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FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

The County of Santa Barbara Public Health Department is responsible for the oversight of the local Alternative Testing Site (ATS) Counseling and Testing Program. HIV rapid testing is available at multiple locations throughout the County.

Finding No. 5

We reviewed contractor's goal 4. Goal 4 required the provider to ensure effective linkage, coordination, and integration of HIV-specific services and resources on a local and statewide basis. To complete this goal, the contractor entered into a subcontract with AIDS Housing Santa Barbara. It provides long term housing for Santa Barbara residents who are infected with HIV/AIDS, and their families. It also provides three meals a day, transportation to appointments, laundry services, medication supervision, and volunteer support services. These services were provided at Sarah House, a licensed residential care facility located in Santa Barbara. We verified that 454 client days were related to services rendered to Santa Barbara residents who are infected with HIV/AIDS.

Further, based on our examination, nothing came to our attention to indicate that the Santa Barbara County Public Health Department has not complied with the material terms and conditions of the contract beyond the findings noted above.

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

V. FISCAL FINDINGS

The following is a discussion of the fiscal findings relating to the Audits and Investigations' examination of HIV CARE SERVICES Program expenditures as claimed by the County of Santa Barbara Public Health Department. The details of these amounts are included in Schedule VII of this report.

Finding No. 1

A review of the invoices submitted by the contractor for reimbursement found that the contractor billed within the approved budget, in total and by category expenditures, and were properly supported by the contractor's financial records.

Finding No. 2

A review of the claimed expense in the amount of \$800, for acupuncture services provided by the subcontractor, the Council on Alcoholism and Drug Abuse (CADA), found that the services were billed properly and that there was adequate supporting documentation for the acupuncture services rendered.

Finding No. 3

A review of the claimed expense in the amount of \$26,960, for services provided by the subcontractor, AIDS Housing Santa Barbara, found that the services were billed properly and that there was adequate supporting documentation.

Finding No. 4

A review of the claimed expense in the amount of \$74,600, for services provided by the subcontractor, Pacific Pride Foundation, found that the services were billed properly and that there was adequate supporting documentation.

Finding No. 5

The contractor informed the auditor that \$437.50 was claimed in error. An adjustment was made to recover this amount.

Further, based on our examination, nothing came to our attention to indicate that the County of Santa Barbara Public Health Department has not complied with the material terms and conditions of the contract beyond the findings noted above

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

VI. SYSTEMS AND PROCEDURES

A study and evaluation of the County of Santa Barbara Public Health Department's internal control was not performed for the following reasons:

The County of Santa Barbara hired KPMG LLP to perform the audit on the General Purpose Financial Statements of the County of Santa Barbara for the year ended June 30, 2006. The County of Santa Barbara hired Brown, Armstrong, Paulen, McCown, Starbuck, Thornburgh and Keeter, Certified Public Accountants to perform the audit on the General Purpose Financial Statements of the County of Santa Barbara for the year ended June 30, 2007. Both examinations were based on generally accepted auditing standards and general accepted government auditing standards. In the review of the internal control structure, the independent auditors noted matters involving the internal control that they considered being material weaknesses. The independent auditors noted employees' timesheets were not properly authorized by the employees and were not properly approved by the supervisor. The auditor performed further review. The claimed personnel hours and expenses were properly approved by supervisors.

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

VII. SCHEDULES

Schedules of financial data have been included in this report to summarize the amounts claimed and paid under the contractual agreement. If any adjustments have been proposed to the claimed amounts, they are reflected in these schedules and discussed in the Fiscal Findings section of this report, as well as in the Explanation of Audit Adjustments.

SANTA BARBARA COUNTY PUBLIC HEALTH DEPARTMENT  
HIV CARE PROGRAM  
CONTRACT NUMBER: 03-75929  
FISCAL PERIOD APRIL 1, 2006 THROUGH MARCH 31, 2007

SUMMARY OF REVIEWED CONTRACT EXPENDITURES

Budgeted Categories	(Revised)* Contract Amount	Over/Under Expended	Total Paid	Audit Adjustment	Audited Amount Paid and/or Payable **
Personnel (Adj )	\$ 9,574	\$ -	\$ 9,573	\$ -	\$ 9,573
Operating Expenses (Adj 1)	648	-	615	(438)	177
Capital Expenditures (Adj )	-	-	-	-	-
Other Costs (Adj )	104,925	-	104,824	-	104,824
Indirect Costs (Adj )	<u>1,436</u>	<u>-</u>	<u>1,436</u>	<u>-</u>	<u>1,436</u>
<b>Total Expenditures</b>	<u>\$ 116,583</u>	<u>\$ -</u>	<u>\$ 116,448</u>	<u>\$ (438)</u>	<u>\$ 116,010</u>

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
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VIII. CONTRACTOR RESPONSE TO ADJUSTMENTS/FINDINGS

Subsequent to the exit conference the contractor submitted a response to the finding that the contractor did not perform the required biennially site visits to subcontractor, AIDS Housing Santa Barbara. The contractor ceased the subcontract with AIDS Housing Santa Barbara as of March 31, 2007. We determined that the contractor was not required to perform the site visit. The contractor was in compliance with this requirement.

Revisions to the findings in this report have been made where appropriate and sufficient documentation was provided.

COUNTY OF SANTA BARBARA PUBLIC HEALTH DEPARTMENT  
CARE SERVICES PROGRAM  
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FISCAL PERIOD: APRIL 1, 2006 THROUGH MARCH 31, 2007

IX. STATE PROGRAM RESPONSE TO ADJUSTMENTS/FINDINGS

A draft copy of this report was submitted to the HIV CARE Program for their review prior to the report being finalized and released to the contractor.

No revisions were made to this report as a result of the State Program response.



Contractor Name				Fiscal Period		Contract Number		Adjustments	
SANTA BARBARA COUNTY PUBLIC HEALTH				APRIL 1, 2006 THROUGH MARCH 31, 2007		03-75929		1	
Report References				Explanation of Audit Adjustments					
Adi. No.	Audit Report	Invoice or Claim							
	Schedule	Line	Form #	Line					
					As Reported		Increase (Decrease)		As Adjusted
ADJUSTMENT TO OTHER MATTERS									
1	A	N/A	N/A	Operating Expenses					
				To recover the contractor's billing in error.					
				CMS Pub. 15-1, Section 2409					
				\$615		(\$438)		\$177	

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# FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NEI ASSETS

AS OF June 30, 2006 (in thousands)

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments (Note 4)	\$ 236 359	\$ 18 092	\$ 254 451
Accounts receivable net:			
Taxes	18 621	--	18 621
Licenses, permits and franchises	700	184	884
Fines, forfeitures and penalties	470	--	470
Use of money and property	3 156	376	3 532
Intergovernmental	29 154	138	29 292
Charges for services	20 176	1 080	21 256
Other	1 123	387	1 510
Impounds receivable (Note 16)	473	--	473
Internal balances	2 614	(2 614)	--
Inventories	315	186	501
Prepaid items	2 372	160	2 532
Other receivables	4 041	--	4 041
Unamortized issuance costs	794	77	871
Restricted cash and investments (Notes 4 & 5)	65 552	17 796	83 348
Capital assets not being depreciated (Note 7)	106 321	14 146	120 467
Capital assets net of accumulated depreciation (Note 7)	325,076	44,864	369,940
Total assets	<u>817,317</u>	<u>94,872</u>	<u>912,189</u>
<b>LIABILITIES</b>			
Accounts payable	18 079	1 025	19 104
Salaries and benefits payable	12 798	281	13 079
Interest payable	847	5	852
Other payables	1 376	5	1 381
Unearned revenue (Note 6)	19 053	--	19 053
Customer deposits payable	6 157	148	6 305
Note payable (Note 8)	47 000	--	47 000
Long-term liabilities (Note 10):			
Portion due or payable in one year:			
Capital lease obligations (Note 9)	652	54	706
Certificates of participation payable, net (Note 10)	6 030	1 333	7 363
Other long-term obligations (Note 10)	292	--	292
Note payable (Note 8)	--	398	398
Compensated absences	1 387	4	1 391
Liability for self-insurance claims (Note 17)	10 030	--	10 030
Portion due or payable after one year:			
Capital lease obligations (Note 9)	2 649	29	2 678
Certificates of participation payable, net (Note 10)	60 142	4 356	64 498
Other long-term obligations (Note 10)	938	--	938
Note payable (Note 8)	--	7 833	7 833
Compensated absences	23 477	503	23 980
Liability for self-insurance claims (Note 17)	22 655	--	22 655
Landfill litigation settlement (Note 16)	--	165	165
Estimated litigation liability (Note 16)	4 375	--	4 375
Accrued landfill closure costs (Note 11)	--	23 951	23 951
Rebatable arbitrage earnings	40	3	43
Total liabilities	<u>237,977</u>	<u>40,093</u>	<u>278,070</u>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	381 435	45 006	426 441
Restricted for (Note 14):			
Public safety	10 152	--	10 152
Health and public assistance	15 992	--	15 992
Community resources and public facilities	59 649	--	59 649
General government and support services	8 589	--	8 589
General County programs	13 485	--	13 485
Debt service	8 652	1 023	9 675
Unrestricted	81,386	8,750	90,136
Total net assets	<u>\$ 579,340</u>	<u>\$ 54,779</u>	<u>\$ 634,119</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:									
Policy & executive	\$ 10 909	\$ (3 556)	\$ 7 353	\$ 3 085	\$ 99	\$ --	\$ (4 169)	\$ --	\$ (4 169)
Law & justice	38 768	824	39 592	10 990	8 792	--	(19 810)	--	(19 810)
Public safety	161 063	8 434	169 497	30 152	40 712	--	(98 633)	--	(98 633)
Health & public assistance	253 096	5 273	258 369	70 292	170 953	--	(17 124)	--	(17 124)
Community resources & public facilities	67 308	3 892	71 200	24 373	28 025	328	(18 474)	--	(18 474)
General government & support services	45 964	(15 146)	30 818	15 227	5 273	426	(9 892)	--	(9 892)
General county programs	15 504	26	15 530	4 645	7 051	--	(3 834)	--	(3 834)
Interest on long-term debt	4,880	--	4,880	--	--	--	(4,880)	--	(4,880)
Total governmental activities	597,492	(253)	597,239	158,764	260,905	754	(176,816)	--	(176,816)
Business-type activities:									
Solid waste	19 153	203	19 356	21 743	1 305	--	--	3 692	3 692
Laguna sanitation	4 820	50	4 870	5 513	105	--	--	748	748
Transit	57	--	57	9	--	--	--	(48)	(48)
Total business-type activities	24,030	253	24,283	27,265	1,410	--	--	4,392	4,392
Total primary government	\$ 621,522	\$ --	\$ 621,522	\$ 186,029	\$ 262,315	\$ 754	(176,816)	4,392	(172,424)
General Revenues:									
Taxes:									
Property							143 010	--	143 010
Sales							7 820	172	7 992
Transient occupancy							5 631	--	5 631
Payments in lieu of taxes:									
Other payments in lieu							3 745	--	3 745
Franchise fees							2 774	--	2 774
Other general revenues							533	--	533
Restricted for community resources and public facilities:									
Sales tax, allocated to roads							7 923	--	7 923
Property tax levied for flood control districts							6 663	--	6 663
Property tax levied for County service areas							946	--	946
Property tax levied for water agency							1 738	--	1 738
Property tax levied for lighting districts							333	--	333
Property tax levied for special districts-community facilities district							71	--	71
Tax increment allocated to redevelopment agency							2 172	--	2 172
Restricted for public safety:									
Property tax levied for fire district							23 987	--	23 987
Unrestricted investment earnings							4 308	942	5 250
Gain on sale of capital assets							223	401	624
Transfers							55	(55)	--
Total general revenues general expenses and transfers							211,932	1,460	213,392
Change in net assets							35 116	5 852	40 968
Net assets - beginning							544,224	48,927	593,151
Net assets - ending							\$ 579,340	\$ 54,779	\$ 634,119

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF June 30, 2006 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and investments (Note 4)	\$ 32,274	\$ 7,197	\$ 23,101	\$ 4,897	\$ 1,975	\$ 41,828	\$ 31,555	\$ 41,222	\$ 184,049
Accounts receivable:									
Taxes	18,621	--	--	--	--	--	--	--	18,621
Licenses, permits, and franchises	700	--	--	--	--	--	--	--	700
Fines, forfeitures, and penalties	22	--	--	--	--	--	--	448	470
Use of money and property	1,171	15	224	70	--	379	258	535	2,652
Intergovernmental	7,587	2,442	5,788	7,728	2,967	1,003	354	1,285	29,154
Charges for services	2,595	931	1,679	20	14,597	--	1	349	20,172
Other	252	--	--	--	559	--	--	312	1,123
Due from other funds (Note 13)	6,871	--	--	--	--	--	--	--	6,871
Prepaid items	181	--	--	2,191	--	--	--	--	2,372
Impounds receivable (Note 16)	290	--	--	--	--	4	--	179	473
Other receivables	1,916	--	--	--	--	--	474	851	3,241
Advances to other funds (Note 13)	1,759	--	--	--	--	--	--	--	1,759
Restricted cash and investments (Notes 4 & 5)	58,072	--	--	--	--	--	--	7,470	65,542
<b>Total assets</b>	<b>\$ 132,311</b>	<b>\$ 10,585</b>	<b>\$ 30,792</b>	<b>\$ 14,906</b>	<b>\$ 20,098</b>	<b>\$ 43,214</b>	<b>\$ 32,642</b>	<b>\$ 52,651</b>	<b>\$ 337,199</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 2,430	\$ 561	\$ 3,358	\$ 393	\$ 6,787	\$ 1,180	\$ 269	\$ 1,733	\$ 16,711
Salaries and benefits payable	7,695	420	1,499	1,543	928	110	--	355	12,550
Due to other funds (Note 13)	--	--	--	--	6,871	--	--	--	6,871
Other payables	78	169	203	52	211	209	231	223	1,376
Notes payable (Note 8)	47,000	--	--	--	--	--	--	--	47,000
Interest payable	131	--	--	--	74	--	--	--	205
Deposits payable	5,797	260	--	--	--	--	100	--	6,157
Unearned revenue (Note 6)	--	4,406	--	9,835	--	386	3,804	622	19,053
Deferred revenue (Note 6)	340	126	1,339	--	--	--	--	--	1,805
<b>Total liabilities</b>	<b>63,471</b>	<b>5,942</b>	<b>6,399</b>	<b>11,823</b>	<b>14,871</b>	<b>1,865</b>	<b>4,404</b>	<b>2,933</b>	<b>111,728</b>
Fund balances:									
Reserved for (Note 15):									
Receivables and prepaids	4,094	--	--	2,191	--	4	--	183	6,472
Imprest cash	15	1	4	16	2	--	--	1	39
Debt service	--	--	--	--	--	--	--	7,592	7,592
Property tax loss reserve	5,044	--	--	--	--	--	--	--	5,044
Unreserved (Note 15):									
Designated reported in:									
General fund	43,481	--	--	--	--	--	--	--	43,481
Special revenue funds	--	1,322	19,767	2	4,540	13,630	--	12,780	52,041
Capital projects fund	--	--	--	--	--	--	24,370	--	24,370
Undesignated reported in:									
General fund	16,206	--	--	--	--	--	--	--	16,206
Special revenue funds	--	3,320	4,622	874	685	27,695	--	29,162	66,358
Capital projects fund	--	--	--	--	--	--	3,868	--	3,868
<b>Total fund balances</b>	<b>68,840</b>	<b>4,643</b>	<b>24,393</b>	<b>3,083</b>	<b>5,227</b>	<b>41,329</b>	<b>28,238</b>	<b>49,718</b>	<b>225,471</b>
<b>Total liabilities and fund balances</b>	<b>\$ 132,311</b>	<b>\$ 10,585</b>	<b>\$ 30,792</b>	<b>\$ 14,906</b>	<b>\$ 20,098</b>	<b>\$ 43,214</b>	<b>\$ 32,642</b>	<b>\$ 52,651</b>	<b>\$ 337,199</b>

Amounts reported for governmental activities in the Statement of Net Assets are different because (Note 3):

Fund balances - total governmental funds	\$ 225,471
(1) Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the balance sheet	413,406
Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet	(99,149)
Accrued interest on long-term debt	(642)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities	1,805
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue	794
Receivable from the City of Goleta for 1994 Certificates of Participation	800
(2) Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, and communications services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets	36,000
(3) Adjustment for Internal Service Funds are necessary to close those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds costs for the year	855
<b>Net assets of governmental activities</b>	<b>\$ 579,340</b>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA  
 STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes	\$ 158,556	\$ 7,921	\$ --	\$ --	\$ --	\$ 6,596	\$ --	\$ 29,005	\$ 202,078
Licenses, permits and franchises	13,513	140	430	--	--	--	--	11	14,094
Fines, forfeitures and penalties	5,380	1	1,643	--	3	--	--	4,993	12,020
Use of money and property	5,664	--	545	362	--	1,115	1,025	2,072	10,783
Intergovernmental	60,660	15,134	30,549	103,293	25,382	7,424	1,590	18,993	263,025
Charges for services	61,079	1,905	27,981	3	35,467	2,599	292	5,338	134,664
Other	3,682	119	4,460	553	767	979	692	4,003	15,255
<b>Total revenues</b>	<b>308,534</b>	<b>25,220</b>	<b>65,608</b>	<b>104,211</b>	<b>61,619</b>	<b>18,713</b>	<b>3,599</b>	<b>64,415</b>	<b>651,919</b>
<b>Expenditures</b>									
<b>Current:</b>									
Policy & executive	10,824	--	--	--	--	--	--	--	10,824
Law & justice	23,064	--	--	--	--	--	--	15,019	38,083
Public safety	158,988	--	--	--	--	--	37	1,224	160,249
Health & public assistance	2,240	--	72,963	112,192	63,794	--	--	9,373	260,562
Community resources & facilities	32,356	28,807	--	--	--	11,050	351	5,521	78,085
General government & support services	44,645	--	--	--	--	--	621	1,420	46,886
General county programs	5,562	--	--	--	--	--	--	7,012	12,574
<b>Debt service:</b>									
Principal	294	53	--	133	--	--	--	6,102	6,582
Interest	1,993	9	--	10	--	--	--	2,729	4,741
<b>Capital outlay</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11,029</b>	<b>--</b>	<b>11,029</b>
<b>Total expenditures</b>	<b>279,966</b>	<b>28,869</b>	<b>72,963</b>	<b>112,335</b>	<b>63,794</b>	<b>11,050</b>	<b>12,038</b>	<b>48,400</b>	<b>629,415</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>28,568</b>	<b>(3,649)</b>	<b>(7,355)</b>	<b>(8,124)</b>	<b>(2,175)</b>	<b>7,663</b>	<b>(8,439)</b>	<b>16,015</b>	<b>22,504</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	50,411	2,818	9,737	9,754	2,538	--	4,549	38,428	118,235
Transfers out	(61,509)	(689)	(1,009)	(287)	(2,560)	(53)	(1,496)	(50,816)	(118,419)
Proceeds from sale of capital assets	72	188	--	1	--	--	600	--	862
Long-term debt issued	--	--	--	--	--	--	1,953	--	1,953
<b>Total other financing sources (uses)</b>	<b>(11,026)</b>	<b>2,317</b>	<b>8,728</b>	<b>9,468</b>	<b>(22)</b>	<b>(53)</b>	<b>5,606</b>	<b>(12,387)</b>	<b>2,631</b>
<b>Net change in fund balances</b>	<b>17,542</b>	<b>(1,332)</b>	<b>1,373</b>	<b>1,344</b>	<b>(2,197)</b>	<b>7,610</b>	<b>(2,833)</b>	<b>3,628</b>	<b>25,135</b>
<b>Fund balances - beginning</b>	<b>51,298</b>	<b>5,975</b>	<b>23,020</b>	<b>1,739</b>	<b>7,424</b>	<b>33,719</b>	<b>31,071</b>	<b>46,090</b>	<b>200,336</b>
<b>Fund balances - ending</b>	<b>\$ 68,840</b>	<b>\$ 4,643</b>	<b>\$ 24,393</b>	<b>\$ 3,083</b>	<b>\$ 5,227</b>	<b>\$ 41,329</b>	<b>\$ 28,238</b>	<b>\$ 49,718</b>	<b>\$ 225,471</b>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 25,135
<u>Capital assets &amp; long term debt</u>	
1) The acquisition of capital assets uses current financial resources but has no effect on net assets.	24,872
2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities	(10,954)
3) The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets	(862)
4) The gain on the disposal of capital assets does not affect current financial resources but increases net assets	223
5) Donations of assets to the County do not provide current financial resources but increase net assets	49
<u>Measurement focus</u>	
6) Revenues that do not provide current financial resources are not reported as revenues in the funds but are recognized in the statement of activities	337
7) The issuance of long-term debt provides current financial resources to the funds but has no effect on net assets	(1,953)
8) Reduction of revenue recognized in the fund statements in the current year as such revenue was already recognized in the statement of activities in prior years	(8,416)
9) Principal payments on long-term debt use current financial resources but have no effect on net assets.	6,582
10) Bond premiums were recorded as interest revenue in the fund statements but are amortized in the statement of activities	166
11) Bond discounts were recorded as a negative interest expense in the fund statements but are amortized in the statement of activities	(27)
12) Cost of issuance was recorded as expenditures in the fund statements but are amortized in the statement of activities	(194)
13) Contributions from other governments to pay their portion of long-term debt are recorded as revenue in the fund statements but have no effect on net assets	(395)
14) The increase in the interest payable liability does not increase current financial resources but is recorded as a increase in revenue in the statement of activities	(111)
15) The increase in rebatable arbitrage earnings does not use current financial resources but is reported as revenue in the statement of activities	(38)
16) The increase in the compensated absences liability does not use current financial resources but is recorded as an expense in the statement of activities	(362)
17) The increase in the estimated liability for litigation does not provide current financial resources but increases expenses in the statement of activities	(2,520)
<u>Internal service funds</u>	
18) Internal service funds are used by management to charge the costs of fleet management, information technology, risk management, and communications services to individual funds. The net revenue of internal service funds is reported within governmental activities.	3,584
<b>Change in net assets (Statement of activities - Governmental activities)</b>	<b>\$ 35,116</b>

The notes to the financial statements are an integral part of this statement.

## COUNTY OF SANTA BARBARA, CALIFORNIA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 145,254	\$ 148,222	\$ 158,556	\$ 10,334
Licenses, permits and franchises	14,628	14,638	13,513	(1,125)
Fines, forfeitures and penalties	4,070	4,630	5,380	750
Use of money and property	4,142	4,314	5,664	1,350
Intergovernmental	52,088	61,264	60,660	(604)
Charges for service	62,644	63,240	61,079	(2,161)
Other	1,911	3,195	3,682	487
<b>Total revenues</b>	<b>284,737</b>	<b>299,503</b>	<b>308,534</b>	<b>9,031</b>
<b>Expenditures</b>				
<b>Current:</b>				
Policy & executive	11,770	11,549	10,824	725
Law & justice	23,083	23,248	23,064	184
Public safety	157,778	160,553	158,988	1,565
Health & public assistance	2,251	2,251	2,240	11
Community resources & facilities	34,775	36,167	32,356	3,811
General government & support services	46,543	47,212	44,645	2,567
General county programs	6,283	6,205	5,562	643
<b>Debt service:</b>				
Principal	18	294	294	--
Interest	2,274	2,274	1,993	281
<b>Total expenditures</b>	<b>284,775</b>	<b>289,753</b>	<b>279,966</b>	<b>9,787</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(38)</b>	<b>9,750</b>	<b>28,568</b>	<b>18,818</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,514	51,481	50,411	(1,070)
Transfers out	(55,845)	(62,281)	(61,509)	772
Proceeds from sale of capital assets	8	8	72	64
<b>Total other financing (uses)</b>	<b>(5,323)</b>	<b>(10,792)</b>	<b>(11,026)</b>	<b>(234)</b>
<b>Net change in fund balances</b>	<b>(5,361)</b>	<b>(1,042)</b>	<b>17,542</b>	<b>18,584</b>
<b>Fund balances - beginning</b>	<b>51,298</b>	<b>51,298</b>	<b>51,298</b>	<b>--</b>
<b>Fund balances - ending</b>	<b>\$ 45,937</b>	<b>\$ 50,256</b>	<b>\$ 68,840</b>	<b>\$ 18,584</b>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
ROAD SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7 655	\$ 7 655	\$ 7 921	\$ 266
Licenses permits and franchises	159	159	140	(19)
Fines forfeitures and penalties	1	1	1	--
Use of money and property	114	234	--	(234)
Intergovernmental	17 721	18 931	15 134	(3,797)
Charges for service	2 050	2 236	1 905	(331)
Other	127	127	119	(8)
Total revenues	<u>27,827</u>	<u>29,343</u>	<u>25,220</u>	<u>(4,123)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	32 256	33 229	28 807	4 422
Debt service:				
Principal	55	53	53	--
Interest	7	9	9	--
Total expenditures	<u>32,318</u>	<u>33,291</u>	<u>28,869</u>	<u>4,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,491)</u>	<u>(3,948)</u>	<u>(3,649)</u>	<u>299</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	851	2,818	2,818	--
Transfers out	(465)	(760)	(689)	71
Proceeds from sale of capital assets	--	--	188	188
Total other financing sources	<u>386</u>	<u>2,058</u>	<u>2,317</u>	<u>259</u>
Net change in fund balances	(4 105)	(1 890)	(1 332)	558
Fund balances - beginning	<u>5,975</u>	<u>5,975</u>	<u>5,975</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,870</u>	<u>\$ 4,085</u>	<u>\$ 4,643</u>	<u>\$ 558</u>

The notes to the financial statements are an integral part of this statement



COUNTY OF SANTA BARBARA, CALIFORNIA  
PUBLIC HEALTH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Licenses permits and franchises	423	423	430	7
Fines forfeitures and penalties	1 219	1 749	1 643	(106)
Use of money and property	445	481	545	64
Intergovernmental	29 479	31 213	30 549	(664)
Charges for service	26 516	26 588	27 981	1,393
Other	4,839	4,887	4,460	(427)
Total revenues	<u>62,921</u>	<u>65,341</u>	<u>65,608</u>	<u>267</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>72,826</u>	<u>74,774</u>	<u>72,963</u>	<u>1,811</u>
Total expenditures	<u>72,826</u>	<u>74,774</u>	<u>72,963</u>	<u>1,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,905)</u>	<u>(9,433)</u>	<u>(7,355)</u>	<u>2,078</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	11 666	9 948	9 737	(211)
Transfers out	<u>(4,420)</u>	<u>(1,631)</u>	<u>(1,009)</u>	<u>622</u>
Total other financing sources	<u>7,246</u>	<u>8,317</u>	<u>8,728</u>	<u>411</u>
Net change in fund balances	(2 659)	(1 116)	1 373	2 489
Fund balances - beginning	<u>23,020</u>	<u>23,020</u>	<u>23,020</u>	<u>--</u>
Fund balances - ending	<u>\$ 20,361</u>	<u>\$ 21,904</u>	<u>\$ 24,393</u>	<u>\$ 2,489</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
SOCIAL SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Use of money and property	325	327	362	35
Intergovernmental	101 333	103 819	103 293	(526)
Charges for service	--	--	3	3
Other	299	299	553	254
Total revenues	<u>101,957</u>	<u>104,445</u>	<u>104,211</u>	<u>(234)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	111 438	113 865	112 192	1 673
Debt service:				
Principal	133	133	133	--
Interest	10	10	10	--
Total expenditures	<u>111,581</u>	<u>114,008</u>	<u>112,335</u>	<u>1,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,624)</u>	<u>(9,563)</u>	<u>(8,124)</u>	<u>1,439</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	15 441	10 806	9,754	(1 052)
Transfers out	(6 046)	(1 416)	(287)	1 129
Proceeds from sale of capital assets	--	--	1	1
Total other financing sources	<u>9,395</u>	<u>9,390</u>	<u>9,468</u>	<u>78</u>
Net change in fund balances	<u>(229)</u>	<u>(173)</u>	<u>1 344</u>	<u>1 517</u>
Fund balances - beginning	<u>1,739</u>	<u>1,739</u>	<u>1,739</u>	<u>--</u>
Fund balances - ending	<u>\$ 1,510</u>	<u>\$ 1,566</u>	<u>\$ 3,083</u>	<u>\$ 1,517</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
ALCOHOL, DRUG AND MENTAL HEALTH SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Fines forfeitures and penalties	\$ 3	\$ 3	\$ 3	\$ --
Use of money and property	(89)	51	--	(51)
Intergovernmental	23 392	23 851	25 382	1 531
Charges for services	40 553	39 472	35 467	(4 005)
Other	182	682	767	85
Total revenues	<u>64,041</u>	<u>64,059</u>	<u>61,619</u>	<u>(2,440)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>64,050</u>	<u>66,688</u>	<u>63,794</u>	<u>2,894</u>
Total expenditures	<u>64,050</u>	<u>66,688</u>	<u>63,794</u>	<u>2,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9)</u>	<u>(2,629)</u>	<u>(2,175)</u>	<u>454</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4 618	3 019	2 538	(481)
Transfers out	<u>(4,711)</u>	<u>(2,966)</u>	<u>(2,560)</u>	<u>406</u>
Total other financing sources (uses)	<u>(93)</u>	<u>53</u>	<u>(22)</u>	<u>(75)</u>
Net change in fund balances	<u>(102)</u>	<u>(2 576)</u>	<u>(2 197)</u>	<u>379</u>
Fund balances - beginning	<u>7,424</u>	<u>7,424</u>	<u>7,424</u>	<u>--</u>
Fund balances - ending	<u>\$ 7,322</u>	<u>\$ 4,848</u>	<u>\$ 5,227</u>	<u>\$ 379</u>

The notes to the financial statements are an integral part of this statement

# FINANCIAL STATEMENTS

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET ASSETS

AS OF June 30, 2007 (in thousands)

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments (Note 4)	\$ 257,021	\$ 21,262	\$ 278,283
Accounts receivable net:			
Taxes	24,406	--	24,406
Licenses, permits, and franchises	1,066	261	1,327
Fines, forfeitures, and penalties	381	--	381
Use of money and property	3,700	536	4,236
Intergovernmental	31,533	135	31,668
Charges for services	20,888	237	21,125
Other	270	1,454	1,724
Internal balances	2,572	(2,572)	--
Inventories	332	236	568
Prepaid items	435	128	563
Other receivables	7,826	--	7,826
Unamortized issuance costs	648	59	707
Restricted cash and investments (Notes 4 & 5)	19,601	18,280	37,881
Capital assets, not being depreciated (Note 7)	114,243	14,220	128,463
Capital assets, net of accumulated depreciation (Note 7)	<u>330,752</u>	<u>45,606</u>	<u>376,358</u>
Total assets	<u>815,674</u>	<u>99,842</u>	<u>915,516</u>
<b>LIABILITIES</b>			
Accounts payable	19,070	1,888	20,958
Salaries and benefits payable	13,985	297	14,282
Interest payable	595	5	600
Other payables	740	279	1,019
Unearned revenue (Note 6)	27,000	--	27,000
Customer deposits payable	6,764	236	7,000
Long-term liabilities (Note 10):			
Portion due within one year:			
Capital lease obligations (Note 9)	712	7	719
Certificates of participation payable, net (Note 10)	5,934	1,071	7,005
Other long-term obligations (Note 10)	11	--	11
Notes payable (Note 8)	--	407	407
Compensated absences	1,220	4	1,224
Liability for self-insurance claims (Note 17)	10,647	--	10,647
Portion due in more than one year:			
Capital lease obligations (Note 9)	4,303	23	4,326
Certificates of participation payable, net (Note 10)	54,084	3,280	57,364
Notes payable (Note 8)	--	7,426	7,426
Compensated absences	25,294	521	25,815
Liability for self-insurance claims (Note 17)	23,845	--	23,845
Landfill litigation settlement (Note 16)	--	110	110
Estimated litigation liability (Note 16)	4,583	--	4,583
Accrued landfill closure costs (Note 11)	--	25,033	25,033
Rebutable arbitrage earnings (Note 10)	84	5	89
Total liabilities	<u>198,871</u>	<u>40,592</u>	<u>239,463</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	399,800	47,611	447,411
Restricted for (Note 14):			
Public safety	12,990	--	12,990
Health and public assistance	19,237	--	19,237
Community resources and public facilities	60,486	--	60,486
General government and support services	9,913	--	9,913
General county programs	12,469	--	12,469
Debt service	8,484	717	9,201
Unrestricted	<u>93,424</u>	<u>10,922</u>	<u>104,346</u>
Total net assets	<u>\$ 616,803</u>	<u>\$ 59,250</u>	<u>\$ 676,053</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:									
Policy & executive	\$ 12 008	\$ (3 439)	\$ 8 569	\$ 3 847	\$ 5	\$ --	\$ (4 717)	\$ --	\$ (4 717)
Law & justice	40 138	1 048	41 186	9 764	8 906	--	(22 516)	--	(22 516)
Public safety	174 947	6 619	181 566	34 767	46 290	--	(100 509)	--	(100 509)
Health & public assistance	266 407	5 399	271 806	80 546	176 717	--	(14 543)	--	(14 543)
Community resources & public facilities	80 665	4 120	84 785	24 822	27 969	476	(31 518)	--	(31 518)
General government & support services	51 010	(14 239)	36 771	15 480	7 117	--	(14 174)	--	(14 174)
General county programs	14 685	49	14 734	5 037	7 165	--	(2 532)	--	(2 532)
Interest on long-term debt	2,889	--	2,889	--	--	--	(2,889)	--	(2,889)
Total governmental activities	642,749	(443)	642,306	174,263	274,169	476	(193,398)	--	(193,398)
Business-type activities:									
Solid waste	21 501	356	21 857	21 511	789	--	--	443	443
Laguna sanitation	4 979	87	5 066	5 950	65	--	--	949	949
Transit	62	--	62	9	--	--	--	(53)	(53)
Total business-type activities	26,542	443	26,985	27,470	854	--	--	1,339	1,339
Total primary government	\$ 669,291	\$ --	\$ 669,291	\$ 201,733	\$ 275,023	\$ 476	(193,398)	1,339	(192,059)
General Revenues:									
Taxes:									
Property							155 178	--	155 178
Sales							8 887	134	9 021
Transient occupancy							6 591	--	6 591
Payments in lieu of taxes:									
Other payments in lieu							4 305	--	4 305
Motor vehicle in lieu							271	--	271
Franchise fees							3 177	--	3 177
Other general revenues							91	911	1 002
Restricted for community resources and public facilities:									
Sales tax allocated to roads							8 399	--	8 399
Property tax levied for flood control districts							7 699	--	7 699
Property tax levied for county service areas							1 060	--	1 060
Property tax levied for water agency							2 010	--	2 010
Property tax levied for lighting districts							399	--	399
Property tax levied for special districts-community facilities district							154	--	154
Tax increment allocated to redevelopment agency							2 955	--	2 955
Restricted for public safety:									
Property tax levied for fire district							25 546	--	25 546
Unrestricted investment earnings							2 867	2 089	4 956
Gain on sale of capital assets							1 269	1	1 270
Transfers							3	(3)	--
Total general revenues general expenses and transfers							230,861	3,132	233,993
Change in net assets							37 463	4 471	41 934
Net assets - beginning							579,340	54,779	634,119
Net assets - ending							\$ 616,803	\$ 59,250	\$ 676,053

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF June 30, 2007 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and investments (Note 4)	\$ 39,558	\$ 3,402	\$ 25,097	\$ 10,263	\$ 1,139	\$ 45,410	\$ 34,090	\$ 41,806	\$ 200,765
Accounts receivable:									
Taxes	24,406	--	--	--	--	--	--	--	24,406
Licenses, permits and franchises	1,066	--	--	--	--	--	--	--	1,066
Fines, forfeitures and penalties	20	--	--	--	--	--	--	361	381
Use of money and property	1,094	44	305	87	--	550	353	566	2,999
Intergovernmental	7,539	5,056	6,733	7,429	3,240	--	47	1,489	31,533
Charges for services	3,119	194	47	--	17,210	--	--	303	20,873
Other	18	19	--	--	--	--	--	233	270
Due from other funds (Note 13)	4,386	--	--	--	--	--	--	--	4,386
Prepaid items	50	--	--	385	--	--	--	--	435
Other receivables	1,754	--	--	--	--	--	--	5,697	7,451
Advances to other funds (Note 13)	1,759	--	--	--	--	--	--	--	1,759
Restricted cash and investments (Notes 4 & 5)	12,121	--	--	--	--	--	--	7,470	19,591
<b>Total assets</b>	<b>\$ 96,890</b>	<b>\$ 8,715</b>	<b>\$ 32,182</b>	<b>\$ 18,164</b>	<b>\$ 21,589</b>	<b>\$ 45,960</b>	<b>\$ 34,490</b>	<b>\$ 57,925</b>	<b>\$ 315,915</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>									
Accounts payable	\$ 2,567	\$ 1,691	\$ 2,701	\$ 746	\$ 7,723	\$ 17	\$ 782	\$ 1,860	\$ 18,087
Salaries and benefits payable	8,581	433	1,567	1,622	1,013	117	--	395	13,728
Due to other funds (Note 13)	--	--	--	--	4,374	--	--	12	4,386
Other payables	69	130	122	6	--	55	255	103	740
Interest payable	--	--	--	--	18	--	--	9	27
Deposits payable	6,508	256	--	--	--	--	--	--	6,764
Unearned revenue (Note 6)	--	4,707	--	11,668	--	594	4,188	5,843	27,000
Deferred revenue (Note 6)	237	166	--	--	2,891	--	--	--	3,294
<b>Total liabilities</b>	<b>17,962</b>	<b>7,383</b>	<b>4,390</b>	<b>14,042</b>	<b>16,019</b>	<b>783</b>	<b>5,225</b>	<b>8,222</b>	<b>74,026</b>

**Fund balances:**

Reserved for (Note 15):									
Receivables and prepaids	3,309	--	--	386	--	--	--	4	3,699
Imprest cash	15	1	3	15	2	--	--	1	37
Debt service	--	--	--	--	--	--	--	7,601	7,601
Property tax loss reserve	5,632	--	--	--	--	--	--	--	5,632
Unreserved (Note 15):									
Designated, reported in:									
General fund	58,488	--	--	--	--	--	--	--	58,488
Special revenue funds	--	1,322	21,525	32	4,024	13,786	--	13,880	54,569
Capital projects fund	--	--	--	--	--	--	22,854	--	22,854
Debt service funds	--	--	--	--	--	--	--	315	315
Undesignated, reported in:									
General fund	11,484	--	--	--	--	--	--	--	11,484
Special revenue funds	--	9	6,264	3,689	1,544	31,391	--	27,902	70,799
Capital projects fund	--	--	--	--	--	--	6,411	--	6,411
<b>Total fund balances</b>	<b>78,928</b>	<b>1,332</b>	<b>27,792</b>	<b>4,122</b>	<b>5,570</b>	<b>45,177</b>	<b>29,265</b>	<b>49,703</b>	<b>241,889</b>
<b>Total liabilities and fund balances</b>	<b>\$ 96,890</b>	<b>\$ 8,715</b>	<b>\$ 32,182</b>	<b>\$ 18,164</b>	<b>\$ 21,589</b>	<b>\$ 45,960</b>	<b>\$ 34,490</b>	<b>\$ 57,925</b>	<b>\$ 315,915</b>

Amounts reported for governmental activities in the Statement of Net Assets are different because (Note 3):

Fund balances - total governmental funds	\$ 241,889
(1) Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the balance sheet	424,453
Long-term liabilities are not due and payable in the current period and therefore are not reported in the balance sheet.	(95,348)
Accrued interest on long-term debt.	(568)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities	3,294
Issuance costs on certificates of participation are capitalized and amortized over the life of the related debt issue	648
Receivable from the City of Goleta for 1994 Certificates of Participation	375
(2) Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, and communications services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the statement of net assets	41,247
(3) Adjustment for Internal Service Funds are necessary to 'close' those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds costs for the year	813
<b>Net assets of governmental activities</b>	<b>\$ 616,803</b>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	General	Road	Public Health	Social Services	ADMHS	Flood Control District	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes	\$ 172,676	\$ 8,399	\$ —	\$ —	\$ —	\$ 7,631	\$ —	\$ 31,877	\$ 220,583
Licenses, permits and franchises	13,782	367	172	—	—	—	—	15	14,336
Fines, forfeitures and penalties	4,955	—	1,687	—	3	—	—	4,375	11,020
Use of money and property	4,446	134	1,102	397	—	2,231	1,329	3,386	13,025
Intergovernmental	58,418	17,537	31,011	104,515	30,877	3,440	279	20,876	266,953
Charges for services	69,611	841	30,046	3	39,793	2,866	376	4,775	148,311
Other	3,292	538	4,766	756	—	171	91	3,800	13,414
<b>Total revenues</b>	<b>327,180</b>	<b>27,816</b>	<b>68,784</b>	<b>105,671</b>	<b>70,673</b>	<b>16,339</b>	<b>2,075</b>	<b>69,104</b>	<b>687,642</b>
<b>Expenditures</b>									
<b>Current:</b>									
Policy & executive	11,846	—	—	—	—	—	—	—	11,846
Law & justice	24,824	—	—	—	—	—	20	14,403	39,247
Public safety	174,218	—	—	—	—	—	114	1,168	175,500
Health & public assistance	5,088	—	72,381	115,495	70,053	—	519	9,778	273,314
Community resources & facilities	32,985	32,562	—	—	—	12,485	692	12,270	90,994
General government & support services	46,607	—	—	—	—	—	(23)	796	47,380
General county programs	6,467	—	—	—	—	—	—	8,085	14,552
<b>Debt service:</b>									
Principal	220	56	—	136	—	—	—	7,464	7,876
Interest	133	6	—	6	—	—	—	2,785	2,930
<b>Capital outlay</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10,620</b>	<b>—</b>	<b>10,620</b>
<b>Total expenditures</b>	<b>302,388</b>	<b>32,624</b>	<b>72,381</b>	<b>115,637</b>	<b>70,053</b>	<b>12,485</b>	<b>11,942</b>	<b>56,749</b>	<b>674,259</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>24,792</b>	<b>(4,808)</b>	<b>(3,597)</b>	<b>(9,966)</b>	<b>620</b>	<b>3,854</b>	<b>(9,867)</b>	<b>12,355</b>	<b>13,383</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	53,335	1,838	8,288	11,447	3,821	—	9,284	40,554	128,567
Transfers out	(68,139)	(357)	(1,292)	(442)	(4,098)	(6)	(1,943)	(52,924)	(129,201)
Proceeds from sale of capital assets	100	16	—	—	—	—	1,153	—	1,269
Long-term debt issued	—	—	—	—	—	—	2,400	—	2,400
<b>Total other financing sources (uses)</b>	<b>(14,704)</b>	<b>1,497</b>	<b>6,996</b>	<b>11,005</b>	<b>(277)</b>	<b>(6)</b>	<b>10,894</b>	<b>(12,370)</b>	<b>3,035</b>
<b>Net change in fund balances</b>	<b>10,088</b>	<b>(3,311)</b>	<b>3,399</b>	<b>1,039</b>	<b>343</b>	<b>3,848</b>	<b>1,027</b>	<b>(15)</b>	<b>16,418</b>
<b>Fund balances - beginning</b>	<b>68,840</b>	<b>4,643</b>	<b>24,393</b>	<b>3,083</b>	<b>5,227</b>	<b>41,329</b>	<b>28,238</b>	<b>49,718</b>	<b>225,471</b>
<b>Fund balances - ending</b>	<b>\$ 78,928</b>	<b>\$ 1,332</b>	<b>\$ 27,792</b>	<b>\$ 4,122</b>	<b>\$ 5,570</b>	<b>\$ 45,177</b>	<b>\$ 29,265</b>	<b>\$ 49,703</b>	<b>\$ 241,889</b>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 16,418
<u>Capital assets &amp; long term debt</u>	
1) The acquisition of capital assets uses current financial resources but has no effect on net assets.	24,429
2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities	(11,395)
3) The proceeds from the sale of capital assets provide current financial resources but have no effect on net assets	(1,269)
4) The gain on the disposal of capital assets does not affect current financial resources but increases net assets	(701)
<u>Measurement focus</u>	
5) Revenues that do not provide current financial resources are not reported as revenues in the funds but are recognized in the statement of activities	1,490
6) The issuance of long-term debt provides current financial resources to the funds but has no effect on net assets	(2,400)
7) Principal payments on long-term debt use current financial resources but have no effect on net assets.	7,876
8) Bond premiums were recorded as interest revenue in the fund statements but are amortized in the statement of activities	145
9) Bond discounts were recorded as a negative interest expense in the fund statements but are amortized in the statement of activities	(21)
10) Cost of issuance was recorded as expenditures in the fund statements but are amortized in the statement of activities	(146)
11) Contributions from other governments to pay their portion of long-term debt are recorded as revenue in the fund statements but have no effect on net assets	(425)
12) The decrease in the interest payable liability does not increase current financial resources but is recorded as an increase in revenue in the statement of activities	74
13) The increase in rebatable arbitrage earnings does not use current financial resources but is reported as revenue in the statement of activities	(44)
14) The increase in the compensated absences liability does not use current financial resources but is recorded as an expense in the statement of activities	(1,565)
15) The increase in the estimated liability for litigation does not provide current financial resources but increases expenses in the statement of activities	(208)
<u>Internal service funds</u>	
16) Internal service funds are used by management to charge the costs of fleet management, information technology, risk management and communications services to individual funds. The net revenue of internal service funds is reported within governmental activities	5,205
Change in net assets (Statement of activities - Governmental activities)	\$ 37,463

The notes to the financial statements are an integral part of this statement



COUNTY OF SANTA BARBARA, CALIFORNIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 163 687	\$ 164 887	\$ 172 676	\$ 7 789
Licenses permits and franchises	15 380	15 578	13 782	(1 796)
Fines forfeitures and penalties	4 264	4 852	4 955	103
Use of money and property	4 452	2 752	4 446	1 694
Intergovernmental	56 744	62 330	58 418	(3 912)
Charges for services	65 682	68 367	69 611	1 244
Other	1,627	3,169	3,292	123
Total revenues	<u>311,836</u>	<u>321,935</u>	<u>327,180</u>	<u>5,245</u>
<b>Expenditures</b>				
Current:				
Policy & executive	12 312	12 426	11 846	580
Law & justice	25 044	25 148	24 824	324
Public safety	166 986	175 698	174 218	1 480
Health & public assistance	5 104	5 153	5 088	65
Community resources & facilities	36 434	36 668	32 985	3 683
General government & support services	52 777	52 599	46 607	5 992
General county programs	7 642	6 444	6 467	(23)
Debt service:				
Principal	20	220	220	--
Interest	1,879	135	133	2
Total expenditures	<u>308,198</u>	<u>314,491</u>	<u>302,388</u>	<u>12,103</u>
Excess of revenues over expenditures	<u>3,638</u>	<u>7,444</u>	<u>24,792</u>	<u>17,348</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	55 558	56 927	53 335	(3 592)
Transfers out	(60 386)	(69 029)	(68 139)	890
Proceeds from sale of capital assets	8	8	100	92
Total other financing (uses)	<u>(4,820)</u>	<u>(12,094)</u>	<u>(14,704)</u>	<u>(2,610)</u>
Net change in fund balances	(1 182)	(4 650)	10 088	14 738
Fund balances - beginning	68,840	68,840	68,840	--
Fund balances - ending	<u>\$ 67,658</u>	<u>\$ 64,190</u>	<u>\$ 78,928</u>	<u>\$ 14,738</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA

ROAD SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 8 038	\$ 8 038	\$ 8 399	\$ 361
Licenses permits and franchises	161	161	367	206
Fines forfeitures and penalties	1	1	--	(1)
Use of money and property	60	60	134	74
Intergovernmental	22 898	22 079	17 537	(4,542)
Charges for services	1 098	1 098	841	(257)
Other	115	416	538	122
Total revenues	<u>32,371</u>	<u>31,853</u>	<u>27,816</u>	<u>(4,037)</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	32 801	35 862	32 562	3 300
Debt service:				
Principal	56	56	56	--
Interest	6	6	6	--
Total expenditures	<u>32,863</u>	<u>35,924</u>	<u>32,624</u>	<u>3,300</u>
(Deficiency) of revenues (under) expenditures	<u>(492)</u>	<u>(4,071)</u>	<u>(4,808)</u>	<u>(737)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,466	1,838	1,838	--
Transfers out	(406)	(415)	(357)	58
Proceeds from sale of capital assets	--	--	16	16
Total other financing sources	<u>1,060</u>	<u>1,423</u>	<u>1,497</u>	<u>74</u>
Net change in fund balances	568	(2 648)	(3 311)	(663)
Fund balances - beginning	4,643	4,643	4,643	--
Fund balances - ending	<u>\$ 5,211</u>	<u>\$ 1,995</u>	<u>\$ 1,332</u>	<u>\$ (663)</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
PUBLIC HEALTH SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Licenses permits and franchises	\$ 121	\$ 115	\$ 172	\$ 57
Fines forfeitures and penalties	1 212	1 784	1 687	(97)
Use of money and property	553	760	1 102	342
Intergovernmental	28 811	30 918	31 011	93
Charges for services	27 256	27 247	30 046	2 799
Other	4,971	4,675	4,766	91
Total revenues	<u>62,924</u>	<u>65,499</u>	<u>68,784</u>	<u>3,285</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	<u>73,957</u>	<u>74,885</u>	<u>72,381</u>	<u>2,504</u>
Total expenditures	<u>73,957</u>	<u>74,885</u>	<u>72,381</u>	<u>2,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,033)</u>	<u>(9,386)</u>	<u>(3,597)</u>	<u>5,789</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	11 621	8 343	8 288	(55)
Transfers out	<u>(4,637)</u>	<u>(1,503)</u>	<u>(1,292)</u>	<u>211</u>
Total other financing sources	<u>6,984</u>	<u>6,840</u>	<u>6,996</u>	<u>156</u>
Net change in fund balances	(4 049)	(2 546)	3 399	5,945
Fund balances - beginning	<u>24,393</u>	<u>24,393</u>	<u>24,393</u>	<u>-</u>
Fund balances - ending	<u>\$ 20,344</u>	<u>\$ 21,847</u>	<u>\$ 27,792</u>	<u>\$ 5,945</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
SOCIAL SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 306	\$ 304	\$ 397	\$ 93
Intergovernmental	105 922	108 503	104 515	(3 988)
Charges for services	--	--	3	3
Other	319	351	756	405
Total revenues	<u>106,547</u>	<u>109,158</u>	<u>105,671</u>	<u>(3,487)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	118 638	120 995	115 495	5 500
Debt service:				
Principal	133	137	136	1
Interest	6	6	6	--
Total expenditures	<u>118,777</u>	<u>121,138</u>	<u>115,637</u>	<u>5,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,230)</u>	<u>(11,980)</u>	<u>(9,966)</u>	<u>2,014</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	18 055	11,827	11,447	(380)
Transfers out	(6,696)	(773)	(442)	331
Total other financing sources (uses)	<u>11,359</u>	<u>11,054</u>	<u>11,005</u>	<u>(49)</u>
Net change in fund balances	(871)	(926)	1 039	1 965
Fund balances - beginning	3,083	3,083	3,083	--
Fund balances - ending	<u>\$ 2,212</u>	<u>\$ 2,157</u>	<u>\$ 4,122</u>	<u>\$ 1,965</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
ALCOHOL, DRUG AND MENTAL HEALTH SERVICES SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Fines forfeitures and penalties	\$ 3	\$ 7	\$ 3	\$ (4)
Use of money and property	32	62	--	(62)
Intergovernmental	22 700	29 615	30 877	1 262
Charges for services	46 134	41 700	39 793	(1,907)
Other	187	398	--	(398)
Total revenues	<u>69,056</u>	<u>71,782</u>	<u>70,673</u>	<u>(1,109)</u>
<b>Expenditures</b>				
Current:				
Health & public assistance	69,830	72,445	70,053	2,392
Total expenditures	<u>69,830</u>	<u>72,445</u>	<u>70,053</u>	<u>2,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(774)</u>	<u>(663)</u>	<u>620</u>	<u>1,283</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	4 586	4 046	3 821	(225)
Transfers out	(4,789)	(4,431)	(4,098)	333
Total other financing sources (uses)	<u>(203)</u>	<u>(385)</u>	<u>(277)</u>	<u>108</u>
Net change in fund balances	(977)	(1 048)	343	1 391
Fund balances - beginning	5,227	5,227	5,227	--
Fund balances - ending	<u>\$ 4,250</u>	<u>\$ 4,179</u>	<u>\$ 5,570</u>	<u>\$ 1,391</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7 124	\$ 7 124	\$ 7 631	\$ 507
Use of money and property	1 373	1 373	2 231	858
Intergovernmental	4 017	4 069	3 440	(629)
Charges for services	2 731	2 731	2 866	135
Other	38	39	171	132
Total revenues	<u>15,283</u>	<u>15,336</u>	<u>16,339</u>	<u>1,003</u>
<b>Expenditures</b>				
Current:				
Community resources & facilities	14,309	15,035	12,485	2,550
Total expenditures	<u>14,309</u>	<u>15,035</u>	<u>12,485</u>	<u>2,550</u>
Excess of revenues over expenditures	<u>974</u>	<u>301</u>	<u>3,854</u>	<u>3,553</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(4)	(8)	(6)	2
Total other financing sources (uses)	<u>(4)</u>	<u>(8)</u>	<u>(6)</u>	<u>2</u>
Net change in fund balances	970	293	3 848	3 555
Fund balances - beginning	41,329	41,329	41,329	--
Fund balances - ending	<u>\$ 42,299</u>	<u>\$ 41,622</u>	<u>\$ 45,177</u>	<u>\$ 3,555</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF June 30, 2007 (in thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations	Totals	
<b>ASSETS</b>					
Current assets:					
Cash and investments (Note 4)	\$ 17 433	\$ 3 560	\$ 269	\$ 21 262	\$ 56 256
Accounts receivable:					
Licenses, permits, and franchises	261	--	--	261	--
Use of money and property	482	51	3	536	701
Intergovernmental	135	--	--	135	--
Charges for services	10	227	--	237	15
Other	1 454	--	--	1 454	--
Inventories	231	5	--	236	332
Prepaid items	128	--	--	128	--
Total current assets	<u>20,134</u>	<u>3,843</u>	<u>272</u>	<u>24,249</u>	<u>57,304</u>
Noncurrent assets:					
Restricted cash and investments (Notes 4 & 5)	18 046	234	--	18 280	10
Deferred charges	57	2	--	59	--
Capital assets, not being depreciated (Note 7)	11 421	2 799	--	14 220	--
Capital assets, net of accumulated depreciation (Note 7)	<u>20,385</u>	<u>25,221</u>	<u>--</u>	<u>45,606</u>	<u>20,542</u>
Total noncurrent assets	<u>49,909</u>	<u>28,256</u>	<u>--</u>	<u>78,165</u>	<u>20,552</u>
Total assets	<u>70,043</u>	<u>32,099</u>	<u>272</u>	<u>102,414</u>	<u>77,856</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1 784	104	--	1 888	983
Customer deposit payable	--	236	--	236	--
Salaries and benefits payable	247	50	--	297	257
Compensated absences, current portion (Note 10)	4	--	--	4	--
Note payable, current portion (Notes 8 & 10)	--	407	--	407	--
Interest payable	--	5	--	5	--
Other payables	278	1	--	279	--
Capital lease obligations, current portion (Notes 9 & 10)	6	1	--	7	61
Liability for self-insurance claims, current portion (Notes 10 & 17)	--	--	--	--	10 647
Certificates of participation payable, current portion (Note 10)	<u>907</u>	<u>164</u>	<u>--</u>	<u>1,071</u>	<u>--</u>
Total current liabilities	<u>3,226</u>	<u>968</u>	<u>--</u>	<u>4,194</u>	<u>11,948</u>
Noncurrent liabilities:					
Compensated absences, net of current portion (Note 10)	416	105	--	521	618
Note payable, net of current portion (Notes 8 & 10)	--	7 426	--	7 426	--
Capital lease obligations, net of current portion (Notes 9 & 10)	18	5	--	23	198
Liability for self-insurance claims, net of current portion (Notes 10 & 17)	--	--	--	--	23 845
Certificates of participation payable, net of current portion (Note 10)	<u>3 112</u>	<u>168</u>	<u>--</u>	<u>3 280</u>	<u>--</u>
Landfill litigation settlement (Note 16)	110	--	--	110	--
Accrued landfill closure costs (Note 11)	25 033	--	--	25 033	--
Advances payable (Note 13)	1 759	--	--	1 759	--
Rebutable arbitrage earnings (Note 10)	2	3	--	5	--
Total noncurrent liabilities	<u>30,450</u>	<u>7,707</u>	<u>--</u>	<u>38,157</u>	<u>24,661</u>
Total liabilities	<u>33,676</u>	<u>8,675</u>	<u>--</u>	<u>42,351</u>	<u>36,609</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	27 763	19 848	--	47 611	20 282
Restricted for debt service (Note 14)	717	--	--	717	--
Unrestricted	<u>7,887</u>	<u>3,576</u>	<u>272</u>	<u>11,735</u>	<u>20,965</u>
Total fund net assets	<u>\$ 36,367</u>	<u>\$ 23,424</u>	<u>\$ 272</u>	<u>60 063</u>	<u>\$ 41,247</u>
Adjustment to reflect the allocation of the internal service funds, cumulative net loss				(813)	
Net assets of business-type activities				<u>\$ 59,250</u>	

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations	Totals	
Operating revenues:					
Charges for services	\$ 14 135	\$ 5 886	\$ 7	\$ 20 028	\$ 41 880
Sale of scrap and recyclables	4 337	--	--	4 337	--
Franchise fees	358	--	--	358	--
Other operating revenues	2 678	65	4	2 747	575
Self-insurance recovery	--	--	--	--	54
Total operating revenues	<u>21,508</u>	<u>5,951</u>	<u>11</u>	<u>27,470</u>	<u>42,509</u>
Operating expenses:					
Salaries and benefits	6 847	1 312	--	8 159	7 078
Services and supplies	4 090	1 964	1	6 055	12 343
Self-insurance claims	--	--	--	--	16 034
Contractual services	7 572	395	63	8 030	623
Depreciation and amortization	1 724	1 090	--	2 814	3 385
County overhead allocation	355	87	--	442	1 056
Closure/postclosure costs	1 082	--	--	1 082	--
Other charges	--	--	--	--	474
Total operating expenses	<u>21,670</u>	<u>4,848</u>	<u>64</u>	<u>26,582</u>	<u>40,993</u>
Operating income (loss)	<u>(162)</u>	<u>1,103</u>	<u>(53)</u>	<u>888</u>	<u>1,516</u>
Non-operating revenues (expenses):					
Use of money and property	2,136	185	10	2,331	2 934
Interest expense	(230)	(215)	--	(445)	(12)
Gain (loss) on sale of capital assets	1	--	--	1	(28)
Payment for damages	954	--	--	954	--
Other	567	1	135	703	200
Total non-operating revenues (expenses) net	<u>3,428</u>	<u>(29)</u>	<u>145</u>	<u>3,544</u>	<u>3,094</u>
Income before transfers	<u>3,266</u>	<u>1,074</u>	<u>92</u>	<u>4,432</u>	<u>4,610</u>
Transfers in	--	--	--	--	872
Transfers out (Note 13)	(3)	--	--	(3)	(235)
Transfers in (out) net	<u>(3)</u>	<u>--</u>	<u>--</u>	<u>(3)</u>	<u>637</u>
Change in net assets	<u>3 263</u>	<u>1 074</u>	<u>92</u>	<u>4 429</u>	<u>5 247</u>
Total net assets - beginning	<u>33,104</u>	<u>22,350</u>	<u>180</u>	<u>55,634</u>	<u>36,000</u>
Total net assets - ending	<u>\$ 36,367</u>	<u>\$ 23,424</u>	<u>\$ 272</u>	<u>\$ 60,063</u>	<u>\$ 41,247</u>
Change in net assets - total enterprise funds				\$ 4 429	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				42	
Change in net assets of business-type activities				<u>\$ 4,471</u>	

The notes to the financial statements are an integral part of this statement



COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Laguna Sanitation	Nonmajor - Transit Operations	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund services provided	\$ --	\$ --	\$ --	\$ --	\$ 42,445
Receipts from excess insurance recovery	--	--	--	--	54
Receipts from customers and users	21,395	5,868	11	27,274	--
Payments to employees	(6,825)	(1,299)	--	(8,124)	(7,223)
Payments to suppliers	(10,578)	(2,335)	(64)	(12,977)	(13,127)
Payments for self-insurance claims	--	--	--	--	(14,227)
County overhead allocation payments to the General Fund	(355)	(87)	--	(442)	(1,056)
Other operating (payments)	--	--	--	--	(472)
Net cash provided (used) by operating activities	3,637	2,147	(53)	5,731	6,394
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Other operating receipts	--	--	--	--	201
Payment on landfill litigation settlement	(55)	--	--	(55)	--
Other	1,550	48	134	1,732	--
Net cash provided by noncapital and related financing activities	1,495	48	134	1,677	201
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(3,624)	(54)	--	(3,678)	(6,216)
Proceeds from sale of capital assets	2	--	--	2	255
Principal paid on capital lease obligations	(53)	--	--	(53)	(57)
Interest paid on capital lease obligations	(4)	--	--	(4)	(12)
Principal paid on certificates of participation	(877)	(457)	--	(1,334)	--
Interest paid on certificates of participation	(227)	(17)	--	(244)	--
Interest paid on State loan	--	(198)	--	(198)	--
Principal paid on State loan	--	(398)	--	(398)	--
Proceeds of long-term debt	1	--	--	1	17
Transfers in	--	--	--	--	872
Transfers out	(3)	--	--	(3)	(235)
Net cash provided (used) by capital and related financing activities	(4,785)	(1,124)	--	(5,909)	(5,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Use of money and property received	1,991	155	9	2,155	2,728
Net cash provided by investing activities	1,991	155	9	2,155	2,728
Net increase in cash and cash equivalents	2,338	1,226	90	3,654	3,947
Cash and cash equivalents - beginning	33,141	2,568	179	35,888	52,319
Cash and cash equivalents - ending	\$ 35,479	\$ 3,794	\$ 269	\$ 39,542	\$ 56,266
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets</b>					
Cash and investments per Statement of Net Assets	\$ 17,433	\$ 3,560	\$ 269	\$ 21,262	\$ 56,256
Restricted cash and investments per Statement of Net Assets	18,046	234	--	18,280	10
Total cash and cash equivalents per Statement of Net Assets	\$ 35,479	\$ 3,794	\$ 269	\$ 39,542	\$ 56,266
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (162)	\$ 1,103	\$ (53)	\$ 888	\$ 1,516
Depreciation and amortization	1,724	1,090	--	2,814	3,385
Accounts receivable	(113)	(83)	--	(196)	(8)
Inventories	(49)	--	--	(49)	(15)
Accounts payable	1,118	21	--	1,139	(146)
Salaries and benefits payable	22	13	--	35	(145)
Self-insurance claims	--	--	--	--	1,807
Landfill closure cost liability	1,082	--	--	1,082	--
Deferred charges	15	3	--	18	--
Net cash provided (used) by operating activities	\$ 3,637	\$ 2,147	\$ (53)	\$ 5,731	\$ 6,394

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

AS OF June 30, 2007 (in thousands)

	Investment Trust Fund	Agency Funds
<b>Assets</b>		
Cash and investments (Note 4)	\$ 508,216	\$ 32,166
Interest receivable	7,577	714
Total assets	<u>515,793</u>	<u>\$ 32,880</u>
<b>Liabilities</b>		
Accounts payable	--	\$ 8,626
Funds held as agent for others	--	24,254
Total liabilities	<u>--</u>	<u>\$ 32,880</u>
<b>Net Assets</b>		
Held in trust for pool participants	<u>\$ 515,793</u>	

The notes to the financial statements are an integral part of this statement

COUNTY OF SANTA BARBARA, CALIFORNIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED June 30, 2007 (in thousands)

	<u>Investment Trust Fund</u>
<b>Additions:</b>	
Contributions to pooled investments	\$ 3 281 742
Interest and investment income	<u>28,878</u>
Total additions	<u>3,310,620</u>
<b>Deductions:</b>	
Distributions from pooled investments	<u>3,260,817</u>
Total deductions	<u>3,260,817</u>
 Net increase in net assets	 49 803
 Net assets held in trust for pool participants - beginning	 <u>465,990</u>
Net assets held in trust for pool participants - ending	<u>\$ 515,793</u>

The notes to the financial statements are an integral part of this statement